

Message Text

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12

ACTION EB-11

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC PRIORITY 5379

C O N F I D E N T I A L BUENOS AIRES 1227

E.O. 11652: GDS

TAGS: ETRN, AR

SUBJ: CIVIL AIR BILATERAL NEGOTIATIONS

REF: BA 1129

1. AS REPORTED TO EMBASSY, WHEN PELLEGRINI, PRESIDENT AEROLINEAS, HAD US AIRLINES REPS NEGRI AND MARPLES TO LUNCH ON FEB 12 (SEE PARA 7 REFTEL) ONLY OTHER OFFICIALS OF AEROLINEAS WERE PRESENT. DURING DISCUSSIONS PELLEGRINI WAS MORE RESERVED THAN HIS SUBORDINATES HAD PREVIOUSLY BEEN IN DISCUSSING AEROLINEAS PLANS AND ITS CONTRIBUTION TO ARGENTINE DELEGATION POSITION FOR CIVAIR NEGOTIATIONS BEGINNING FEB 19. REPORTEDLY HE CONFIRMED AEROLINEAS FAVORS RECOGNIZING 1972 MEMORANDUM AS LEGAL AND BINDING BUT REQUIRING MODIFICATIONS, THAT AA SEEKS SENSIBLE AGREEMENTS TIED TO CONSERVATIVE PROJECTIONS OF TRAFFIC PROSPECTS AND WILL CONTINUE TO GUARD CAREFULLY AGAINST US LINES ESTABLISHMENT OF "EXCESS" CAPACITY ON ROUTES PARALLEL TO AA'S. APPARENTLY AA HOPES THAT AT LEAST A TEMPORARY ARRANGEMENT WILL RESULT FROM WASHINGTON MEETINGS THAT WILL PERMIT AA TO PROCEED WITH PLANS FOR INCREASING ITS WEEKLY FLIGHTS FROM 13 TO 16 SOON AFTER NEGOTIATIONS COMPLETED, WHICH AA EXPECTS TO DO USING PRESENT EQUIPMENT (SIC). IN CONNECTION WITH THESE AA PLANS, INCONSISTENCY AGAIN PRESENT IN ARGENTINE POSITION. APPARENTLY THEY BELIEVE POTENTIAL TRAFFIC CAN JUSTIFY ADDITIONAL FREQUENCIES FOR AA WHILE AT SAME TIME, PELLEGRINI INDICATED GOA STATISTICS PROVIDE NO BASIS FOR US AIRLINES TO INCREASE THEIR WEEKLY FLIGHTS ABOVE LEVEL OF 8 EACH CURRENTLY

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FLOWN.

2. IN PELLEGRINI'S REPORTED REMARKS, THERE WAS AGAIN INDICATION THAT AEROLINEAS NOW SEES ABILITY TO "CO-TERMINATE" FLIGHTS IN MIAMI AND NEW YORK AS COMMERCIALLY VALUABLE RIGHT AND WILL SEEK SUCH A PRIVILEGE ON MORE THAN ONE ROUTE. MEETING AGAIN PROVIDED EVIDENCE AEROLINEAS' NEW APPRECIATION OF EXISTING AND POSSIBLE FUTURE VALUE FIFTH FREEDOM TRAFFIC IN ITS OPERATIONS. US AIRLINE REPS IMPRESSED BY NEW "COMMERCIAL AND BUSINESSLIKE" APPROACH TAKEN BY PELLEGRINI AND SUBORDINATES TO THEIR PROBLEMS.

3. NEGRI AND MARPLES WERE TOLD AEROLINEAS ANTICIPATES INITIATION SERVICE TO EAST COAST US USING WIDE-BODY JETS BY ABOUT JULY 1. AEROLINEAS APPARS TO HAVE SOME AGREEMENT WITH DNTAC THAT, FOLLOWING INITIATION SUCH SERVICE BY AEROLINEAS, US AIRLINES AND VARIG WOULD BE PERMITTED USE WIDE-BODY JETS ON ROUTES TO BUENOS AIRES, WHILE OTHER FOREIGN AIRLINES WILL CONTINUE TO BE DENIED SUCH PRIVILEGE. THERE WAS NO DISCUSSION OF AEROLINEAS VIEWS ON CAPACITY RESTRICTIONS OR FREQUENCY ARRANGEMENTS IN CONNECTION WITH WIDE-BODY AIRCRAFT. THROUGHOUT DISCUSSIONS, PELLEGRINI EMPHASIZED HE WAS SPEAKING WITH REFERENCE TO AEROLINEAS IDEAS AND POSITIONS ONLY AND THAT GOA OFFICIAL POSITION MIGHT WELL BE DIFFERENT. HE SAID THAT AEROLINEAS POSITION HAD BEEN DISCUSSED WITH ITS LABOR UNIONS AND RECEIVED THEIR APPROVAL. THE MEETING WITH PELLEGRINI CONTAINED NO DISCUSSION ON CHARTERS AND CHARTER FLIGHTS.

4. WE UNDERSTAND DELEGATION INTENDS TO STAY AT EITHER WELLINGTON OR EMBASSY ROW BUT AT MID-WEEK HAVE NOT MADE A FINAL DECISION BETWEEN THESE TWO HOTELS.

5. COMMENT: REPORTED DISCUSSION WITH PELLEGRINI REINFORCES EMBASSY VIEW THAT ARGENTINE DELEGATION WILL NOT NECESSARILY BE EASY TO DEAL WITH. THAT AA HAS REVEALED ITS POSITION IN ADVANCE TO UNION MAY TEND TO REDUCE THEIR MARGIN OF FLEXIBILITY. HOWEVER, WE CONTINUE HOLD VIEW THAT ARRANGEMENTS VERY SIMILAR TO THOSE CONTAINED IN MEMORANDUM OF CONSULTATION SHOULD BE POSSIBLE AND THAT IT IS LIKELY AN EXPANDED NUMBER OF FREQUENCIES FOR BRANIFF AND PANAM CAN BE ACHIEVED WITHOUT HIGH PRICE PAID BY US. THAT NEGOTIATION WILL BE HELD WITH ARGENTINE OFFICIALS SOLIDLY CONFIRMED IN THEIR POSITIONS BY PRESENT PERON ADMINISTRATION
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SHOULD GIVE ANY NEW AGREED ARRANGEMENTS SUBSTANTIALLY GREATER ASSURANCE OF PERMANENCY AND LIKELIHOOD OF IMPLEMENTATION WHILE SAVING ANY ARGENTINE CONCESSIONS FROM OPPOSITION OF TYPE GENERATED BY CAMPORA GOVERNMENT OFFICIALS TO ARRANGEMENT REACHED UNDER LANUSSE ADMINISTRATION.
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